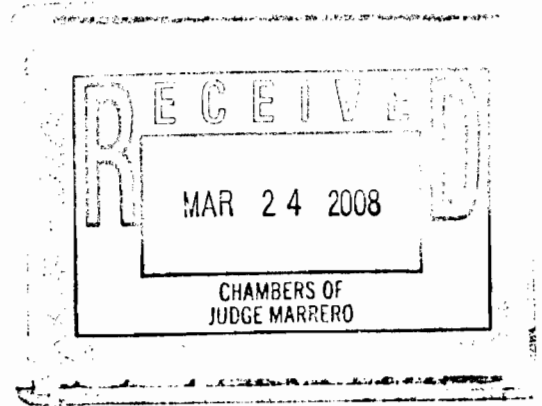


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March 18, 2008

The Honorable Victor Marrero
United States District Judge
United States District Court
Southern District of New York
500 Pearl Street, Room 660
New York, NY 10007



Re: Nella Longari S.R.L. v. Salander-O'Reilly Galleries LLC *et al.*
United States District Court, Southern District of New York
07-CV-08484 (VM)
Our File: 11019-2

Dear Honorable Judge:

We are attorneys for Nella Longari S.R.L., the plaintiff in the above-referenced action against defendants Salander-O'Reilly Galleries LLC ("Gallery") and Lawrence Salander ("Salander").

In furtherance of this Court's Order, dated March 12, 2008, directing plaintiff to advise the Court as to the status of the bankruptcy proceeding involving defendants, plaintiff respectfully submits as follows.

On November 2, 2007, Salander filed a voluntary petition under Chapter 11 of the Bankruptcy Code in the United States District Court for the Southern District of New York (Poughkeepsie Division). The case was assigned to the Honorable Cecilia G. Morris under case number 07-36735. On March 7, 2008, the United States Trustee filed a motion to convert this Chapter 11 case to a Chapter 7 case or, in the alternative, to dismiss the Chapter 11 case. The hearing on the Trustee's motion is scheduled to take place on April 17, 2008.

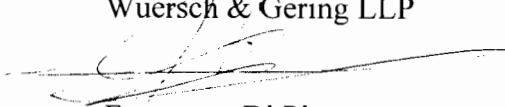
On November 2, 2007, Gallery also filed a voluntary petition under Chapter 11 in the same Court. The two cases are being handled under different case numbers by the Honorable Cecilia G. Morris. The case number of the Gallery's case is 07-30005. This matter is also still active. On March 12, 2008, the Court signed an order approving a protocol for assertion and resolution of claims of ownership to artworks in possession of Gallery. Plaintiff is in the process of reviewing a list of artworks in possession of Gallery which was prepared and recently published by the Chief Restructuring Officer, who was hired in this case, in connection with the protocol. The list contains thousands of artworks. According to the protocol, disputes as to the ownership of artworks should be resolved in the next few months. Plaintiff may file a claim of

ownership to artworks which are found to be in possession of Gallery, if any, and a proof of claim.

In light of the foregoing, plaintiff Nella Longari S.R.L. respectfully requests that (1) the order signed by Your Honor on October 30, 2007, continue to be in place and (2) the instant case continue to be on the suspense calendar of this Honorable Court, while the bankruptcy cases are pending.

We thank the Court for its attention to this matter.

Respectfully submitted,
Wuersch & Gering LLP


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